

# CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Signature Bancshares, Inc.

Point of Contact:	Larry W. Webb	RSSD: (For Bank Holding Companies)	2292975
UST Sequence Number:	1148	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	1,700,000	FDIC Certificate Number: (For Depository Institutions)	3148
CPP/CDCI Funds Repaid to Date:	1,700,000	Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	June 26, 2009	City:	Dallas,
Date Repaid <sup>1</sup> :	12/15/2010	State:	Texas

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

**What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).**

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

The additional capital allowed Signature Bank to continue to support its customers lending needs, even in a down economy.

☒ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

Continued to fund owner occupied real estate, mortgage loans residential construction loans.

# CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Signature Bancshares, Inc.

☐ Increase securities purchased (ABS, MBS, etc.).

☐ Make other investments.

☒ Increase reserves for non-performing assets.

During 2010, loan loss reserves were increased to 1.62% of gross loans, prior to charge-offs at year end 2010.

☐ Reduce borrowings.

## CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Signature Bancshares, Inc.

☐ Increase charge-offs.

☐ Purchase another financial institution or purchase assets from another financial institution.

☒ Held as non-leveraged increase to total capital.

Continue to maintain strong capital ratios.

## CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Signature Bancshares, Inc.

### What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

Signature Bank continued to support its customers and its community. Due to the continued weak economy, Signature Bank saw a net decline of \$2.9 million, reflecting loan payoffs outpacing new loan fundings. With out the CPP capital funds, Signature Bank Bank's ability to support its customers would have been hampered.

## CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Signature Bancshares, Inc.

### What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

In 2009, Signature Bank committed \$5 million to provide financing to assist borrowers in purchasing a new home. In 2009, the Bank funded \$2.1 million and in 2010 the Bank funded \$2.9 million. The Bank's CRE ratio for construction loans dropped from 88.90% in 2009 to 68.52% in 2010. The Bank's total CRE ratio increased slightly from 166.26% in 2009 to 166.45% in 2010. During 2010 \$9.0 million of CRE loans paid in full. Signature Bank was able to increase its loan loss reserves to 1.62% of total loans prior to taking year end charge-offs, while maintaining its capital ratios.

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION  
(Include Holding Company Where Applicable)

Signature Bancshares, Inc.

Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

The primary goal of having the CPP capital was to maintain strong capital ratios, meet the needs of our customers, support their businesses, and serve the needs of our local community.